CITY OF SAN JOSÉ, CALIFORNIA
Planning, Building and Code Enforcement
200 East Santa Clara Street, San Jose, CA 95113-1905

STAFF REPORT

Hearing Date/Agenda Number
HLC: 03-07-07 Item 5.a.

File Number
PDC 06-003

Application Type
Planned Development Rezoning

Council District: 2 SNI: None

Planning Area
Edenvale

Assessor's Parcel Number(s)
706-06-017

PROJECT DESCRIPTION — Completed by: Jeff Roche/Sally Zarnowitz, AIA

Location: Northeasterly corner of Cottle and Poughkeepsie Roads

Gross Acreage: 18.75 Net Acreage: 18.75 Net Density: N/A

Existing Zoning: IP (PD) Planned Development Existing Uses: Industrial Park

Proposed Zoning: A(PD) Planned Development

Proposed Use: Demolition of the existing industrial park buildings (Buildings 025, and 024 and 030) and associated site improvements, the removal of up to 385 trees from the site, and the construction of a new, approximately 204,000 square foot commercial facility (including a retail/ commercial use, with a single occupant greater than 100,000 square feet (with a garden center), and other retail/ commercial uses.

GENERAL PLAN — Completed by: JR/SNZ

Existing Land Use/Transportation Diagram Designations
Industrial Park with Mixed Industrial Overlay

Project Conformance:
[X] Yes [ ] No
[X] See Analysis and Recommendations

SURROUNDING LAND USES AND ZONING — Completed by: JR

North:	Mobile Home Park & the intersection of Blossom Hill Road	A (PD) Planned Development and Monterey Hwy and IP – Industrial Park
East:	Railroad, Monterey Highway, & Commercial	A (PD) Planned Development
South:	Industrial Park, Future Park, Residential and Commercial	IP (PD) Planned Development
West:	Commercial, Community Center, Min-Storage/ Warehouse	R-1-1 Residence, CN-Commercial Neighborhood, LI Light Industrial

ENVIRONMENTAL STATUS — Completed by: JR

[X] Environmental Impact Report Pending
[ ] Negative Declaration circulated on
[ ] Negative Declaration adopted on
[ ] Exempt
[ ] Environmental Review Incomplete

FILE HISTORY — Completed by: JR

Proposed Annexation Title: Monterey Park No. 7 Date: December 1, 1955

PLANNING DEPARTMENT RECOMMENDATIONS AND ACTION

[ ] Provide Direction Date _____ Approved by: _____
[ ] Recommend Approval
[ ] Recommend Denial

OWNER	DEVELOPER	CONSULTANT
IBM Attn: Craig Nemson Manager, Space Planning and Business Controls 5600 Cottle Road San Jose, CA 95193	Lowe's H.I.W. Attn: Jim Manion 1530 Faraday Avenue, Suite 40 Carlsbad, CA 92008	Jennifer Renk Steefel, Levitt & Weiss One Embarcadero, 30th Floor San Francisco, CA 94111

PUBLIC AGENCY COMMENTS RECEIVED Completed by: JR

Informational memorandum from the Director of Planning to the City Council (dated, 11/09/06).

Other Departments and Agencies

None

GENERAL CORRESPONDENCE

See Supplemental Information/ Studies submitted by the Applicant's Consultants

ANALYSIS AND RECOMMENDATIONS

BACKGROUND

Project Description

The project developer, Lowe's H.I.W., is requesting a Planned Development Rezoning from the IP (PD) Planned Development Zoning District to the A (PD) Planned Development Zoning District to allow the demolition of the existing industrial park buildings (Buildings 025, and 024 and 030) and associated site improvements, the removal of up to 385 trees from the site, and the construction of a new, approximately 204,000 square foot commercial facility (including a retail/ commercial use, with a single occupant greater than 100,000 square feet (with a garden center), and other retail/commercial uses on the 18.75 gross acre site. The subject site is located on the northeasterly corner of Cottle and Poughkeepsie Roads.

The subject property has a General Plan Land Use/ Transportation Diagram designation of Industrial Park with a Mixed Industrial Overlay. The site is currently developed with three industrial park buildings (Building 025) built in 1957 and (Buildings 024 and 030) built in 1973 and 1974, respectively, and associated site improvements. The surrounding land uses include a mobile home park and Blossom Hill Road and Monterey Highway to the north, a railroad, Monterey Highway and commercial uses to the east, industrial park and future park, residential, and commercial uses to the south, and commercial and mini-storage warehouse uses and a community center to the west.

Since the first project rezoning proposal on this site (File No. PDC 02-086) was reviewed by the City and the subject of numerous public hearings, the character of the area has changed from being on the northern end of large, suburban industrial campus facility, to a more urban area, as evidenced by the development of the Hitachi Project which proposes the addition of 2,930 high density housing units, 460,000 square feet of commercial uses, and a total of 3.4 million square feet of industrial park uses, also known as "Santa Teresa Transit Village," being developed on the adjoining property to the south. Urban areas typically have less area devoted to surface parking and rely more on parking structures to accommodate their parking demands.

Prior Project History

In 2002, the applicant filed a Planned Development Rezoning (PDC02-086) to construct a Lowe's Warehouse store and demolish IBM Building 025 to allow the development of up to 222,673 square-feet of commercial uses on an 18.75 gross-acre site. In 2003, The Historic Landmarks Commission submitted a comment letter on the Draft Environmental Impact Report (DEIR), and voted to authorize Vice Chair Polcyn and Chair Sciara to represent the Historic Landmarks Commission (HLC) at the Planning Commission hearing. At the November 19, 2003 Planning Commission meeting, the Commission certified the Environmental Impact Report for the Rezoning and recommended that the City Council conditionally approve the subject Planned Development Rezoning with the conditions that the applicant preserve the majority of Building 025, involve the Historic Landmarks Commission in assessing the project's site design, reduce the overall on-site parking from 855 parking spaces to approximately 500 parking spaces, and preserve as many trees as possible. In late November 2003, the certification of the EIR was appealed to the City Council.

On December 2, 2003, the City Council upheld the Planning Commission's action on the Environmental Impact Report, rejecting the appeal and certifying the EIR. The City Council then made Findings of Overriding Considerations to approve the Planned Development Rezoning including the following conditions of approval: 1) Complete the Historical mitigation outlined in the EIR (photo documentation, preservation of artwork, reproduction of architectural drawings to preserve the memory of the building, creation of a public exhibit, and salvage of historical architectural features); 2) Preserve and integrate a portion of a wall from Building 025; 3) Develop a mural of photographs and historical data to convey the significance of this site and the "flying head" disk drive; and 4) Contribute $10,000 to a citywide industrial land historic building survey to allow the City of San José to conduct a survey of industrial buildings in an effort to provide certainty to the development process for future redevelopment of our industrial areas.

Subsequent to the Council's action on the rezoning, a lawsuit was brought against the City by PAC SJ, charging that the City's EIR did not provide adequate analysis of alternatives to demolition of the building. Ultimately, both the Trial and Appellate courts ruled that the Planned Development Rezoning approval in 2003 (File No. PDC 02-086) relied on an inadequate Environmental Impact Report for the environmental clearance for the project. In addition, the Courts ruled that the Administrative Record did not contain substantial evidence that alternatives to avoid demolition of IBM Building 025 were infeasible, and that it was therefore inappropriate for the City to reject the alternative that retained the Building 025 on the basis of infeasibility.

In 2006, the applicant filed the current Planned Development Rezoning and prepared a new Draft Environmental Impact Report. Project alternatives which could retain IBM Building 025 were key issues in the litigation over the prior Environmental Impact Report, and the current EIR provides an expanded range of site design alternatives to fully inform the decision-making process. The Historic Landmarks Commission reviewed the DEIR and forwarded the attached comment letter in November of 2006.

ENVIRONMENTAL REVIEW

An Environmental Impact Report was prepared and circulated (from September 29, 2006 to November 13, 2006) for the proposed project. Issues addressed in the Environmental Impact Report included Land Use, Transportation/ Circulation and Parking, Air Quality, Noise, Cultural Resources, Utilities, Public Services, Urban Decay, Biological Resources, Visual Resources, and Hydrology and Water Quality. A Tree Survey prepared for the project identified a total of 454 trees on the subject site. The proposed project would result in the removal of 385 trees from the project site. A total of 61 trees will remain on the site and 37 trees will be

relocated. A total of 259 trees will be added to the site in addition to those trees replaced pursuant to the City's tree ordinance. All the native trees on-site would be preserved or relocated on-site. One large, individually notable cork oak tree (#126) will be preserved in place.

On November 1, 2006, the Historic Landmarks Commission reviewed the DEIR. In a 4-0-0 decision, the Commission voted to forward a comment letter, stating that: the Commission disagreed with the CBRE report on several fronts, language in the EIR should clarify that the CBRE report is an independent third-party analysis, the demolition of IBM Building 025 clearly constitutes a significant impact, and the feasible Historic Resource Mitigation Alternatives analyzed in the document would avoid that impact.

The DEIR is currently pending, and is tentatively scheduled for a certification hearing before the Planning Commission on March 28, 2007. For CEQA purposes, the City has considered resources eligible for or designated as City Landmarks, as well as those resources eligible for or listed in the California Register of Historical Resources and/or the National Register of Historic Places, as the threshold of significance for a significant, unmitigated environmental impact. Because the demolition of IBM Building 025 meets this threshold in order for the City Council to approve the Planned Development Rezoning as proposed by the applicant, they would need to find that the alternatives analyzed in the EIR are not feasible, and adopt a "statement of overriding considerations" indicating how the benefits of the project outweigh the significant impacts.

GENERAL PLAN

The project includes a retail commercial use, with a single occupant building greater than 100,000 square feet. Because the project includes a large scale retail use, the current proposal conforms to the site's *General Plan Land Use/Transportation Diagram* designation of Industrial Park with a Mixed Industrial Overlay.

The Major Strategies of the General Plan establish the basic framework for planning in San José. All of the strategies are interrelated and supportive of each other. The *Economic Development Major Strategy* addresses the City's goal to maximize the economic potential of the City's land resources while providing employment opportunities for San José's residents. It is vital for San José to attract a large share of area-wide economic development to provide a solid financial base.

The Urban Conservation/Preservation Major Strategy states that at a strategic level, preservation activities contribute visual evidence of history to a sense of community. The General Plan recognizes the importance of sustaining viable neighborhoods because there is no practical way to replace the City's physical assets. Infill development is tempered by the consideration of protecting nearby areas and physical resources from adverse impacts. As subsets of that strategy, the *Urban Conservation Goal, and the Historic, Archaeological and Cultural Resources (HACR) Goals and Policies* are discussed below in the Analysis section of this staff report.

HISTORIC RESOURCES DESCRIPTION

A Historic Report for the proposed project was prepared by Urban Programmers, Historic Preservation and Urban Revitalization Consultants. The report, included in the DEIR has been copied to a compact disk (CD), which was included with each Commissioner's packet. As described in the Report, IBM Building 025 qualifies for three of the four California Register of Historical Resources and National Register of Historic Places criteria, and also as a Candidate City Landmark. The building is significant for its association with inventions and advances in information storage technology, for its association with scientists who are individually significant for their research and advancements of the field and as an exceptional example of mid-century modern industrial architecture set in a campus environment (pages 15-16, Appendix E.1). It is relatively rare for

a building resource to be significant in three categories. In addition, although both the National and California Registers incorporate a 50-year age rule for eligibility, they provide for cases of exceptional significance at the local, state or national level. Building 025 met this test of exceptional significance in 2003, and will reach 50 years of age in 2007.

Project Site

The Historic Report states that the project site was part of the Rancho Santa Teresa and remained in agricultural use until 1953when it was purchased by International Business Machines Corporation (IBM) as part of a larger 210-acre property to construct new facilities for its Santa Clara Valley operations. IBM's first west coast research laboratory had been previously opened in 1952 at 99 Notre Dame Street in downtown San Jose. In 1956, the Random Access Method of Accounting and Control (RAMAC) was invented at this lab, leading to the first magnetic hard disk for data storage.

To design the initial phases of its new south San Jose campus, including the Advanced Research Building 025, IBM selected architects John S. Bolles and Associates of San Francisco. John Bolles was a well known architect whose notable commissions in Northern California included the Paul Masson champagne cellars in Saratoga, the Johnson & Johnson building in Menlo Park, Candlestick Stadium and Justin Herman Plaza in San Francisco, and the McGraw-Hill building near Novato. The IBM Cottle Road Campus was his first large commission. The design team also included notable landscape architects like Douglas Baylis. Artists, such as Gurdon Woods and Lucienne Bloch, were commissioned to create pieces for various locations on the campus.

Building 025 was designed and constructed as part of the initial Central Campus or Campus Core. Construction on Building 025 was completed in 1957. The design was a radical departure from the solid wall construction of most industrial and laboratory facilities of the time. It was designed so that each office and laboratory had walls of glass to integrate the landscaping and outdoor art with the working spaces. This design would start the West Coast trend away from the single manufacturing facility and set the standard for a bucolic setting that high technology campuses would follow. The design intent was to bring together production efficiency and employee comfort in a campus setting, and in a context of good architecture, landscaping and art.

When Building 025 was completed in 1957, Reynold (Rey) Johnson's research team from Notre Dame Street moved into the new facility to continue their research work. The team's next major advance beyond the RAMAC was founded on the research with gas bearings and became the floating or “flying head” disk drive which allowed real time on-line processing. The first significant application of this technology was the Sabre System, a nation-wide reservations system established for American Airlines. Building 025 remained the West Coast center of IBM's research activities until the early 1970s, with Al Hoagland as its manager during the early 1960s. The Research Division was then moved to Building 028, which was followed by a subsequent move to its current location in the Almaden Hills.

The economic effect of research conducted in Building 025 is not fully known. However, the research that led to the floating head disk is considered one of the most important advances in the information storage technology industry. The research conducted at Building 025 had a significant economic impact on San Jose in terms of jobs and sales. The flying head research associated with Building 025 enabled real-time on-line transactions which are basic to many business applications including the internet. The research also spurred the extensive growth and development in IBM product lines making IBM the largest employer in the City for many years. In addition, it led to the formation of a number of local companies such as Seagate Technologies, founded by Albert Shugart.

Description of Building 025

Building 025 is a single-story building designed with an asymmetrical open floor plan with a central building spine running north to south forming a corridor that connects five wings extending to each side. Figure III-2 shows the existing structures on the project site and the configuration of Building 025. The wings form landscaped courtyards and garden areas, which are further divided by low decorative block concrete walls. For offices with curtain glass exterior walls this provides a direct view of a created natural environment. The building is surrounded on three sides by mature trees and landscaping that provide a private setting away from the general view.

The main building entrance, facing northeast toward the parking area, is set back from the curb by a large lawn area. The entry walkway is covered with a long metal canopy that extends from the curb to the lobby area. The grooved gray canopy cover is supported by seven, flat-arched steel frame girders set at regular intervals. This long covered approach is both a grand architectural statement and a practical protection from the elements.

The facades of the building wings that face the parking lot are sheathed in red brick for a height of 10 feet, above which is a projecting fascia band at the eave. This fascia band is composed of earth-tone, colored ceramic tiles set in a random geometric pattern that is reminiscent of the key punch cards used with early IBM machines. This design feature is attributed to Lucienne Bloch by a plaque on the wall near the entrance. The design element is repeated on other buildings on the campus from this era, and give the campus its most unifying and distinctive feature. This fascia band is showing signs of deterioration with some tiles having eroded comers or edges and one section of tiles dislodged and hanging precariously from the northeast wing of Building 025.

Although altered, the interior offices retain the sense of mid-century modern open design and integration with the outside landscaping. The extensive window areas provide strong natural light throughout the building. Of particular note are the wide bands of interior windows which allow natural light to be effectively diffused from room to room throughout the interior space.

The exterior courtyards include concrete block half-walls to break up the space into outdoor rooms, and vines and shrubs complete the sense of enclosure while softening the site's geometric patterns. The louvered covered metal breezeways that distinguish these spaces form trellises which help soften the sun exposure to the exterior spaces and also to the interior spaces through the glass curtain walls. The complex also includes outdoor sculpture. At the main entrance is a fountain constructed of mosaic tile, within which sits a sculpture entitled “Research,” created by Gurdon Woods for the building. The sculpture is in poor condition with rusting metal framework and an untended pool filled with debris.

The landscaping, although extremely overgrown in many areas, retains the form, style and popular plants of the 1950s and 1960s. Native oaks and regional redwoods provide visual screening along the site's perimeter. Rows of olive trees separate the parking lanes in the asphalt parking lot, although many of these trees have been removed. Planting occurs in beds adjacent to the building and around the concrete patios, and a well-tended lawn surrounds the building.

ANALYSIS

The primary project issue before the Historic Landmarks Commission is the conformance of the proposed project with the General Plan *Historic, Architectural and Cultural Resources Goals and Policies*, including maintenance of the Historic Resources Inventory, and the *City Council Policy: Preservation of Historic*

Landmarks.

General Plan Historic, Architectural and Cultural Resources Goals and Policies

As a subset of the *Urban Conservation/Preservation Major Strategy*, the *Urban Conservation Goal* is to improve the existing quality of life and create a stable, mature community. Along with *the Urban Conservation Goal, the Historic, Archaeological and Cultural Resources (HACR) Goal* is to preserve historically and archaeologically significant structures, sites, districts and artifacts in order to promote a greater sense of historic awareness and community identity and to enhance the quality of urban living. The eleven *HACR Policies* address the preservation of Historic Resources of varying significance. The Preservation of Historic Resources identified as Candidate City Landmarks is addressed in the following Policies:

> Policy No. 1 Because historically or archaeologically significant sites, structures and districts are irreplaceable resources, their preservation should be a key consideration in the development review process.

During the development review process, consideration should be given to Candidate City Landmark sites through the preservation, designation, and integration of City Landmark sites into future development proposals, and through the funding of historic resource surveys in an effort to provide certainty to unidentified historic resources potentially affected by the development process for future redevelopment.

> Policy No. 3 An inventory of historically and/or architecturally significant structures should be maintained and periodically updated in order to promote awareness of these community resources.

In 1986, the City Council passed Resolution No. 58957 authorizing the Historic Landmarks Commission and its staff to: maintain the Historic Resources Inventory, which identifies known historic resources of varying significance; and utilize the Inventory as a foundation for future designation of City Landmarks and Historic Districts and for the review and evaluation of proposed development on sites therein.

> Policy No. 6 The City should foster the rehabilitation of individual buildings and districts of historic significance and should utilize a variety of techniques and measures to serve as incentives toward achieving this end. Approaches which should be considered for implementation of this policy include, among others: Discretionary Alternate Use Policy Number 3, permitting flexibility as to the uses allowed in historic resources; transfer of development rights from designated historic sites; tax relief for designated landmarks and/or districts; alternative building code provisions for the reuse of historic structures; and such financial incentives as grants, loans and/or loan guarantees to assist rehabilitation efforts.

Use of the Discretionary Alternate Use Policy for Structure of Historical or Architectural Merit allows for a wide range of uses and development regulations through the Planned Development Rezoning process, for the reuse of Candidate City Landmarks. Property owners of City Landmarks have access to the Mills Act Historical Property Contract, which currently allows reduction of current property taxes by as much as 50 percent. Finally, CRMP Building Tax exemptions allow significant cost savings for owners of City Landmarks at the construction stage of the project.

City Council Policy: Preservation of Historic Landmarks

It is the policy of the City of San Jose that Candidate Landmark sites be preserved wherever possible. Proposals to alter such sites must include a thorough and comprehensive evaluation of the historic and architectural significance of the site, and the economic and structural feasibility of preservation and/or adaptive reuse. Every effort should be made to incorporate Landmarks into the future plans for their site and the surrounding area. This Policy requires: 1) Early public notification of proposals to demolish a Candidate Landmark, 2) Public input and City Council review, 3) Preparation of complete information regarding opportunities for preservation of the Candidate Landmark, 4) Findings justifying alteration or demolition of a Candidate Landmark, and 5) Financial resources for preservation.

The Policy was amended in May of 2006 to specifically state that: "The financial profile and/or preferences of a particular developer should not, by themselves, be considered a sufficient rationale for making irreversible decisions regarding the survival of the City's historic resources."

Environmentally-superior Alternative Site Plans (Preservation)

Six alternative project site plans are attached to the applicant's project plans (see the attached Alternatives Chapter VII. of the DEIR and Sheets C-C7A through C-C18, also available on the planning web page at: http://www.sanjoseca.gov/planning/eir/Lowes2006/SLW430%20DEIR/DEIR.pdf). City staff has concluded, based on current information, that although some minor modification at the development permit stage could be required to ensure safe on-site circulation, all of these site plans appear physically feasible and would lead to development that furthers General Plan goals for both economic development and urban conservation by providing for a home improvement warehouse and including the preservation of IBM Building 025 and a portion of the associated grounds and landscaping according to the Secretary of the Interior's Standards. The applicant has indicated that preservation of the historic resource can not be accomplished while still achieving Lowe's primary objective to redevelop the infill site with a big box retail building with a size of at least 140,000 square feet, with an approximately 40,000 square foot garden center in one of Lowe's standard prototypes. These alternatives are discussed in detail in the attached Alternatives Chapter VII of the Draft Environmental Impact Report that was prepared for the project.

The current project (see attached plans) proposes a parking ratio of one space per 219 square foot (net) for a total of 794 spaces. For comparison purposes, the prior project (File No. PDC 02-086) incorporated a parking ratio of one space per 220 square feet (net). The prior project also included more stand-alone retail square footage (~ 60,000 square feet versus 24,600 square feet) than the current project. The Zoning Code allows a parking ratio of one space per 225 net square feet (1:225) for Neighborhood Shopping Centers (minimum 100,000 square feet in size), that includes a mix of permitted and conditional uses. The project proposes a total of 794 parking spaces. Based on standard Code requirements for parking for a commercial project of approximately 174,000 square feet of net square footage, this project proposes one parking space per 219 square feet (1:219), 21 parking spaces more than would be required by Code. The Planned Development Zoning process, however, allows for reasonable deviations from Zoning Code parking requirements where mitigating factors, such as the preservation of a Candidate City Landmark exist, and where parking analysis provides additional information regarding historic parking demand for some uses.

The alternative plans shown on Figure VII-7/Sheet C-C10A (L-Shaped 112,000 Lowe's Alternative with an approximate surface parking ratio of 1:300) allow for development smaller than a "Smaller Lowe's Prototype" while providing a parking ratio more closely aligned with the ratio proposed by the project and typically required by Zoning Code.

The alternative plans shown on: Figure VII-6/Sheet C-C7A (L-Shaped 138,000 SF Lowe's Alternative with an approximate surface parking ratio of 1:500); Figure VII-8/Sheet C-C17 (Rectangular 138,000 SF Lowe's Alternative with an approximate surface parking ratio of 1:400); and Figure VII-9/Sheet C-C18 (Rectangular 128,000 Lowe's Alternative with an approximate surface parking ratio of 1:400); allow for development similar in size to a "Smaller Lowe's Prototype" while providing a lower parking ratio than requested by the applicant, or typically required by Zoning Code.

The alternative plans shown on Figure VII-4/Sheet C-C8A (L-Shaped 170,000 SF Lowe's with Underground Parking Alternative, with an approximate parking ratio of 1:240) and Figure VII-5/Sheet C-C16 (Two-Story 170,000 SF Lowe's with Parking Structure Alternative, with an approximate parking ratio of 1:250) allow for development similar in size to the "Larger Lowe's Prototype" while providing a parking ratio more closely aligned with the ratio proposed by the project and typically required by the Zoning Code when compared to the other (4) four alternatives. Other projects located elsewhere in the City and on the Peninsula, and patronized by some San Jose residents have shown that large format retail projects can function with structured parking, and/or parking provided under the building, or on the project roof, and do not necessarily require single contiguous, large, surface parking areas.

Rehabilitation Costs

An independent, third-party report on the feasibility of rehabilitating Building 025, by CB Richard Ellis Consulting/Sedway Group (CBRE), was included in the DEIR to inform the City's decision-making process. Because the cost of either new construction or historic building rehabilitation would include land and financing costs, City staff reviewed Appendix C, *Re: IBM Building 025 Budget Analysis* of the CBRE report, completed by TBI Construction and Construction Management, Inc., for the purposes of discussing the cost per square foot of rehabilitating the historic resource.

Staff review of the Budget Analysis in the CBRE report indicates that it appears to assume an extensive scope of work, including: replacement of all aluminum and glass storefront systems and fascia ceramic tile; gutting and replacement of all interiors, including plumbing, mechanical and electrical equipment and distribution systems; and extensive site grading and underground utilities installation. However, staff would note that a more conservative approach to rehabilitation of the building would typically not necessitate such an extensive scope of work, especially given the fact that employees of a major corporation occupied the building within the last ten years. For example, if the proposal to replace the storefront system is based on energy concerns, this replacement would not be required under California Historic Building Code, and the site orientation and H-shape of the building further limit heat gain through those systems. As another example, assuming the proposal for complete removal and re-installation of exterior ceramic tile could be based on seismic reinforcing requirements; those costs might be reduced by as much as two-thirds by designing a hardware system to tie the existing tile to the fascia. In addition, by working with the existing interior partition and concrete slab layout, and plumbing, mechanical, and electrical distribution systems, staff would note that the scope of demolition and new construction costs could be significantly reduced. Finally, the cost estimate for site work could also be lowered by heavily reducing costly estimates for re-grading and drainage work on the existing site. By making these adjustments, the project's potential Construction Budget could potentially be reduced significantly from $128/SF to perhaps as low as $80 /SF. As a comparison, the construction cost for new construction for single story Type II Fire-resistant construction is currently at least $300/SF, while the cost estimate for large scale retail construction might be closer to $200/SF.

Alternative Project Site Plans (Partial Preservation or Education Exhibit)

The Director of Planning is developing a recommendation to forward to the Planning Commission and the City Council. The Council, ultimately, will make the final decision on the proposed Planned Development Rezoning, taking into consideration all the General Plan Major Strategies and Policies. Should the City Council decide to make Findings of Overriding Considerations in order to approve the proposed project, project site plans significantly impacting the Candidate City Landmark, including full or partial demolition of the Candidate City Landmark and/or special conditions such as creation of a public exhibit, and the salvage (incorporation) of historical architectural features within the proposed project, may be considered.

The alternative plans shown on Figure VII-3 (Smaller Lowe's Prototype Alternative) would require removal of the northern most wing of the historic resource. While the DEIR concluded that this alternative would not avoid a direct significant impact to the Candidate City Landmark, because it would adversely alter the character-defining building configuration and setting of the historic resource, this alternative would both allow for the development of a standard "Smaller Lowe's Prototype" and appear to provide a parking ratio more closely aligned with the proposed project and typically required by the Zoning Code. The Historic Landmarks Commission may choose to form a recommendation regarding this, or a similar project alternative to inform the full deliberation on the project. In particular, the Commission should address how the significant character-defining features of the historic resource would best be preserved within such potential project alternatives.

COMMUNITY OUTREACH

A Community Meeting was held for the project in April 2006, at the Alex Anderson Elementary School. That meeting was attended by a few neighbors who expressed only a general interest in the project. Notices for the Planning Commission and City Council hearings will be distributed to the owners and tenants of all properties located within 1,000 feet of the project site, published in the San Jose Post Record, and posted on the site and on the Planning Division web page, in conformance with the City's Public Outreach Policy. Staff has been available to answer questions and discuss the proposal with members of public. Through the environmental review and development review of the previous Planned Development Rezoning, the Historic Landmarks Commission received early notification of the proposal to demolish a Candidate City Landmark in conformance with the City Council Policy: Preservation of Historic Landmarks.

RECOMMENDATION

Planning Staff recommends that the Historic Landmarks Commission provide direction in the following areas:

Preservation, rehabilitation and reuse of the historic resource:

1) Discuss the relative merits of the Environmentally Superior Preservation Alternatives identified in the Draft Environmental Impact Report for the Project,
2) Recommend City Landmark Designation of IBM Building 025 in order for the applicant to take full advantage of Preservation incentives, and
3) Authorize a liaison to represent the Landmarks Commission at the Planning Commission and City Council Hearings and any other related meetings, to comment on the project DEIR and Rezoning.

Partial Preservation of the Historic Resource:

4) Discuss the relative merits of the smaller small warehouse store prototype partial preservation alternative identified in the Draft Environmental Impact Report, and other potential project alternatives that would include preservation of character-defining features of the historic resource,

Possible On-site Educational Exhibits:

5) Discuss which character-defining features would best be preserved in an on-site educational exhibit, were it to be proposed for incorporation into the project.

Attachments

cc: Chris O'Connor, SSOE, 22121 17th Avenue, Suite 225, Bothell, WA 98021
Al Shaghaghi, AMS Associates, Inc., 1350 Treat Boulevard # 250, Walnut Creek, CA 94597
Preservation Action Council San Jose